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SENATE BILL 5298

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State of Washington

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2005 Regular Session

By Senators Carrell, Kastama, Stevens, Berkey, Rockefeller, Rasmussen, Oke, Swecker, Delvin, Schmidt, Morton, Parlette, Benson and Mulliken

Read first time 01/19/2005. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to the property taxation of qualified historic  
2 property; amending RCW 84.26.010, 84.26.020, 84.26.110, and 84.26.130;  
3 adding new sections to chapter 84.26 RCW; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 84.26.010 and 1985 c 449 s 1 are each amended to read  
6 as follows:

7 The legislature finds and declares that it is in the public  
8 interest of the people of the state of Washington to encourage  
9 maintenance, improvement, and preservation of privately owned historic  
10 landmarks ((as the state approaches its Centennial year of 1989)). The  
11 legislature further recognizes it is a public good to keep historic  
12 private property on the tax rolls at its maximum value, rather than  
13 having such property fall into disrepair, and that well-maintained and  
14 preserved historic property enhances a community's sense of culture and  
15 pride. To achieve this purpose, this chapter provides special  
16 valuation for improvements to historic property and property tax  
17 exemptions for maintenance and repair activities.

1       **Sec. 2.** RCW 84.26.020 and 1986 c 221 s 1 are each amended to read  
2 as follows:

3       Unless the context clearly requires otherwise, the definitions in  
4 this section apply throughout this chapter.

5       (1) "Historic property" means real property together with  
6 improvements thereon, except property listed in a register primarily  
7 for objects buried below ground, which is:

8       (a) Listed in a local register of historic places created by  
9 comprehensive ordinance, certified by the secretary of the interior as  
10 provided in P.L. 96-515; or

11       (b) Listed in the national register of historic places.

12       (2) "Cost" means the actual cost of rehabilitation, which cost  
13 shall be at least twenty-five percent of the assessed valuation of the  
14 historic property, exclusive of the assessed value attributable to the  
15 land, prior to rehabilitation.

16       (3) "Special valuation" means the determination of the assessed  
17 value of the historic property subtracting, for up to ten years, such  
18 cost as is approved by the local review board.

19       (4) "State review board" means the advisory council on historic  
20 preservation established under chapter 27.34 RCW, or any successor  
21 agency designated by the state to act as the state historic  
22 preservation review board under federal law.

23       (5) "Local review board" means a local body designated by the local  
24 legislative authority.

25       (6) "Owner" means the owner of record.

26       (7) "Rehabilitation" is the process of returning a property to a  
27 state of utility through repair or alteration, which makes possible an  
28 efficient contemporary use while preserving those portions and features  
29 of the property which are significant to its architectural and cultural  
30 values.

31       (8) "Maintenance and repair activity" means the act or process of  
32 applying measures to sustain the existing form, integrity, and  
33 materials of an historic property. Maintenance and repair activities  
34 include, but are not limited to, exterior cladding repair; repainting  
35 and in-kind replacement; masonry cleaning and repointing; window, door,  
36 porch, and chimney repair and in-kind replacement; reroofing in-kind;  
37 and minor structural repairs. Activities also include, but are not  
38 limited to, interior repainting; replastering; flooring repair,

1 refinishing and in-kind replacement; repair and replacement of plumbing  
2 fixtures, fittings, and equipment; and repair and replacement of  
3 lighting fixtures, electrical equipment, and heating equipment.

4 (9) "Maintenance and repair expenditures" means out-of-pocket  
5 expenses incurred for maintenance and repair activity by the property  
6 owner after January 1, 2004.

7 (10) "Qualified historic property" means historic property that (a)  
8 is listed on the Washington heritage register or the national register  
9 of historic places; (b) is residential property occupied by the owner;  
10 and (c) has incurred expenditures within the last five years for  
11 maintenance and repair activity that exceed ten percent of the assessed  
12 value of the residential structure.

13 NEW SECTION. Sec. 3. Historic property that is designated as  
14 qualified historic property under section 5 of this act is exempt from  
15 property taxes levied for any state purpose for the year of  
16 designation. This exemption cannot be claimed more than once in a  
17 five-year period.

18 NEW SECTION. Sec. 4. An owner of property desiring designation as  
19 qualified historic property under this chapter shall apply to the  
20 assessor of the county in which the property is located upon forms  
21 prescribed by the department of revenue and supplied by the county  
22 assessor. Applications shall be made no later than October 1st for  
23 exemption from taxes payable the following year.

24 NEW SECTION. Sec. 5. (1) Within ten days after the filing of the  
25 application for designation as qualified historic property in the  
26 county assessor's office, the county assessor shall refer each  
27 application to the local review board.

28 (2) The review board shall approve the application if the property:

29 (a) Is listed on the Washington heritage register or the national  
30 register of historic places;

31 (b) Is residential property occupied by the owner;

32 (c) Incurs expenditures for maintenance and repair activity that  
33 exceed ten percent of the assessed value of the residential structure;

34 and

1 (d) Complies with minimum standards of maintenance that protect  
2 those elements which qualify the property as historically significant.

3 (3) The assessed value of the residential structure in the year of  
4 application shall be used for purposes of comparing maintenance and  
5 repair expenditures to assessed value.

6 (4) Maintenance and repair expenditures made after January 1, 2005,  
7 may be used to satisfy the ten percent threshold. Expenditures which  
8 exceed ten percent may be carried forward and used together with any  
9 additional maintenance and repair expenditures in application for  
10 exemption in future years. Expenditures that are used to satisfy the  
11 ten percent requirement in one year may not be carried forward and used  
12 in the application for exemption in future years.

13 (5) An application for designation as qualified historic property  
14 shall be approved or denied by the local review board before December  
15 31st of the calendar year in which the application is made.

16 (6) The local review board is authorized to examine the maintenance  
17 and repair records of applicants.

18 (7) The review board shall notify the county assessor and the  
19 applicant of the approval or denial of the application.

20 **Sec. 6.** RCW 84.26.110 and 1985 c 449 s 11 are each amended to read  
21 as follows:

22 The local legislative authority and the local review board may  
23 request the assistance of the state historic preservation officer in  
24 conducting special valuation and property tax exemption activities.

25 **Sec. 7.** RCW 84.26.130 and 2001 c 185 s 2 are each amended to read  
26 as follows:

27 Any decision by a local review board on an application for  
28 classification as historic property eligible for special valuation or  
29 designation as qualified historic property may be appealed to superior  
30 court under RCW 34.05.510 through 34.05.598 in addition to any other  
31 remedy at law. Any decision on the disqualification of historic  
32 property eligible for special valuation, designation as qualified  
33 historic property, or any other dispute, may be appealed to the county  
34 board of equalization in accordance with RCW 84.40.038.

1        NEW SECTION.   **Sec. 8.**   This act applies to taxes levied for  
2 collection in 2006 and thereafter.

3        NEW SECTION.   **Sec. 9.**   Sections 3 through 5 of this act are each  
4 added to chapter 84.26 RCW.

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